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Frequently Asked Questions and Answers (Part 1)



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1. *What is the procedure for setting up/establishing a business in Ghana?*

- A. The Companies Code 1963 (Act 179) is the law that regulates the formation of companies in Ghana. Under this Act, investors are allowed to establish and register a place of business in Ghana. The Government of Ghana (GoG) recognizes that attracting foreign direct investment requires an enabling legal environment, and has passed laws that encourage foreign investments, and replaced some that previously stifled it. One of such laws is the Ghana Investment Promotion Center (GIPC) Act, 1994 (Act 478). Under this Act, investors are free to set up investment projects in all sectors of the Ghanaian economy, without prior approval by the GIPC, with the exception of the mining, petroleum, and free zones sectors, as well as portfolio investments. Investments in the mining and petroleum sectors require approval or licensing by the Minerals Commission and the Ministry of Mines and Energy respectively. Free Zones (Export Processing Zones) investments must be approved by the Ghana Free Zones Board, while portfolio investments are handled by the Ghana Stock Exchange. Sector-specific laws further regulate banking, non-banking financial institutions, insurance, fishing, securities, and real estate. Foreign investors are required to satisfy the provisions of the investment act as well as the provisions of sector-specific laws.

The following steps are involved in the establishment of investment projects in Ghana:

STEP 1 Submit an application form for the registration/incorporation of a company at the Registrar General's Department. Application formalities at this department may be completed within 5 working days if all documentation is in order.

STEP 2 Foreign investors must comply with the GIPC Act 478's minimum equity requirements as follows:

- **Joint Venture - US\$10,000.00**
- **100% Foreign-Owned - US\$50,000.00**

Trading companies either wholly or partly-owned by non-Ghanaians require a minimum foreign equity of USD \$300,000.00, and must employ at least ten Ghanaians. The minimum capital requirement does not apply to portfolio investments, enterprises set up for export trading or branch offices.

- a. 2 corporate bank accounts (i.e. foreign and local) must be opened with a local bank of the investor's choice.
 - b. A bank-to-bank transfer of the minimum equity requirement must be effected, and the transaction confirmed to the Bank of Ghana by the investor's local bank. Bank of Ghana in turn confirms transaction to GIPC for the company's registration purposes.
 - c. If the investor prefers to carry physical cash into Ghana for investment purposes, this must be declared upon arrival using Bank of Ghana Form T5, and must subsequently be deposited in a local bank account within the shortest possible time. This transaction must be confirmed by the investor's bank and Bank of Ghana as in (b) above.
 - d. In the case of equity in kind in the form of imported machinery, equipment and goods, all documentation covering such imports must bear the name of the registered company, and must be submitted to the GIPC as evidence for registration purposes. Such documentation should include the following:
 - Bill of Lading/Airway Bill (originals only)
 - Destination (Ghana) Inspection Certificate
 - Original Customs Bill of Entry
 - Import Declaration Form (IDF)
 - Certified/Final Invoices
 - Evidence of Capitalization Form 6 from the Registrar General's Department.
 - e. Depending upon the area of investment, the investor is required to register with some oversight agencies. The Ghana Investment Promotion Center may assist directly or indirectly by referral to accredited public agencies or accounting and legal firms in this process.
2. **STEP 3** The investor registers with the GIPC (after paying the relevant fees), which has 5 working days to complete the registration process, providing all required documentation is in order. 100% owned Ghanaian enterprises do not need to register with the GIPC since they are exempt from the minimum foreign capital requirement.
 3. **STEP 4** All enterprises, including wholly Ghanaian-owned and those with foreign participation seeking immigrant quota facilities in respect of expatriate employees for their businesses must satisfy the appropriate minimum capital requirements specified under section 30 of Act 478. Immigrant quota requests must be made by a formal letter to the GIPC.

4. **STEP 5** All enterprises must register directly with the Internal Revenue Service (IRS) and with the Value Added Tax (VAT) Secretariat for purposes of statutory taxes, rebates or exemptions thereof.

5. **STEP 6** Enterprises seeking to engage in manufacturing must register with, and obtain an environmental permit from the Environmental Protection Agency (EPA).

6. ***How much does it cost to register a business in Ghana?***

A. The Registrar General's Department is responsible for registering all commercial businesses in Ghana. All investors wishing to do business in Ghana must first complete application forms for registration of an enterprise in Ghana. If approved, the enterprise is issued a Certificate of Incorporation and a Certificate to Commence Business.

Below are the basic fees associated with the Registrar General's Department:

- i. Application forms... (approximately US\$8.00)
 - ii. Stamp Duty 0.5% of Stated/Paid-up Capital
 - iii. Filing fees (approximately US\$12.00)
 - iv. Incorporation fees (approximately US\$64.00)
 - v. Auditor's fees. Not fixed
- a. Ghana Investment Promotion Center (GIPC)
 - i. Residency Permit/Person (ECOWAS) - Approximately US\$30.00
 - ii. Residency Permit & Others - Approximately US\$60.00
 - iii. Re-Entry Permits (Single/Multiple) - US\$40.00/\$100.00
 - b. Ghana Free Zones Board (GFZB)
 - i. Application forms.. US\$100.00
 - ii. Licensing fees:

Business	Initial	Renewal/Year
Manufacturing	US \$2,000.00	US \$1,600.00
Commercial	US \$5,000.00	US \$4,000.00
Service	US \$3,000.00	US \$2,000.00
Development	US \$4,000.00	US \$3,000.00

For more information on investing in Ghana please visit the website of GIPC at www.gipc.org.gh.

• ***How can we obtain residency and work permits to live and work in Ghana?***

A. An investor who invests under the GIPC law is automatically entitled to a specific number of visas/work permits based on the size of the investment. When an investment of USD \$10,000 or its equivalent is made in convertible currency or machinery and equipment, the enterprise can obtain a visa/work permit for one expatriate employee. An investment ranging from USD \$10,000 to USD \$100,000 entitles the enterprise to two (2) automatic visas/work permits. An investment of USD \$500,000 and above qualifies an enterprise to bring in four (4) expatriate employees.

An enterprise may apply for extra visas/work permits, but the investor must justify why a foreigner must be employed rather than a Ghanaian. There are no restrictions on the issuance of work and residence permits to

Free Zone investors and employees.

The fees associated with expatriate employment are as follows:

- B. a. **Ghana Investment Promotion Center**
 - i. Automatic Quota (per person) - US \$300.00
 - ii. Additional Quota (per person) - US \$1,200.00
 - iii. Replacement of Quota (per person) - US \$500.00
- b. **Ghana Immigration Service**
 - i. Residency Permit/Person (ECOWAS) - Approximately US \$30.00
 - ii. Residency Permit & Others - Approximately US \$60.00
 - iii. Re-Entry Permits (Single/Multiple) - US \$40.00/\$100.00
- c. **Ghana Free Zones Board**
 - i. Resident Permit/Person/Year - US \$200.00

All applications for residence permits are processed by the Ghana Immigration Service.

- ***Which products are in demand in Ghana?***

- A. The most commonly imported products into Ghana include, but are not limited to the following:

Rice, sugar, corn, wheat, meat (frozen/canned), fish (frozen/canned) cooking oil, clothing, shoes, medical equipment and pharmaceutical products, machinery and parts, chemicals, air-conditioning and refrigeration units, agricultural equipment, diary products, confectionery, condiments/sauces, wines, alcoholic beverages, cosmetics, computers and accessories, electronic gadgets, motor vehicles and spare parts (new and used), vehicle tyres, books, building materials. The leading sectors for U.S. Export and Investment include telecommunication equipment, computers and peripherals, automobiles, electrical power systems (generators) construction and earthmoving equipment, mining equipment, as well as food processing and packaging equipment.

- ***How do I get paid for the goods I send to Ghana?***

- A. Irrevocable, confirmed letters of credit and wire transfers through banks are the recommended methods of payments for exporters doing business in Ghana. Payment by credit card is not a very common practice for overseas transactions in Ghana, and we encourage businesses and individuals who receive purchase orders from Ghana in which the importer is offering to pay by credit card, to seek the assistance of the Embassy in verifying the legitimacy of such transactions before proceeding with the supply of the merchandise ordered. Exporters are advised to be wary of importers who insist on having their orders shipped urgently, as these are often scams.

- ***Where can we obtain a listing of importers/exporters in Ghana?***

- A. Due to the rate at which new businesses are springing up in Ghana, some of which often fail within months of incorporation, it is impossible to publish a comprehensive and up-to-date Business Directory incorporating all importers in Ghana. As such we tend to rely on industry and trade agencies and associations in Ghana for information on credible importers of various products. The two relevant agencies in this regard are the Chamber of Commerce, and Association of Ghana Industries (AGI). Exporters may contact these agencies directly to seek assistance in locating credible product-specific importers.

The U.S. Commercial Service in Accra (www.buyusa.gov/ghana) is very helpful in match-making, and can assist both US and Ghanaian importers/exporters in locating credible agents or importers/exporters of various products

at a fee. The Ghana Export Promotion Council is a very useful agency for US importers seeking to source non-traditional product suppliers in Ghana. For traditional exports such as Gold and Diamond, only the Precious Minerals Marketing Company Limited (www.pmmcghana.com) can export gold out of Ghana in the small-scale sector, the sector that mainly deals in most of the gold available for sale to the public in Ghana.

- ***Can I be briefed on the Ghana Stock Exchange (GSE)?***

- A. The Ghana Stock Exchange was incorporated in July 1989 with trading on its floor commencing in November, 1990. Since then, the Exchange has been progressively strengthening its facilities for businesses and the Government to raise long term capital as well as for investors to obtain liquidity, reasonable capital safety and diversity of investments.

The Exchange is governed by a Council with representation from Licensed Dealing Members (LDMs), Listed Companies, Banks, Insurance Companies, Money Market and the General Public. The Exchange also has a well-qualified and experienced management team.

Investors interested in portfolio investments in Ghana are invited to visit the Ghana Stock Exchange's website at www.gse.com.gh, to learn more about investing in securities in Ghana, and to find information on listed companies as well as brokers.

- ***What is the President's Special Initiative (PSI) and how can one invest in the scheme?***

- A. In January 2001, when President John Agyekum Kufuor was sworn in as the President of the Republic of Ghana, he declared the Golden Age of business, with the private sector as the engine of economic growth.

Since that declaration, a variety of programs have been initiated, both locally and internationally, to realize the President's aspiration. Chief among these is the President's Special Initiatives (PSI). The program mainly aims at promoting special food crops on a national scale. The products for the program were selected in a way that every region and district in the country would benefit from the PSI. Four major products for the program have been covered so far in the PSI. The products are oil palm, industrial cassava starch, salt, garment and textiles. Plans are also underway for the PSI on sorghum, groundnut and cotton to take off.

The scheme offers enormous opportunities for investors. The textile/garment sub-sector for instance has been earmarked as a priority one to be supported by government to take advantage of the export market, especially opportunities created under AGOA, and employment generation in Ghana. To realize this objective, the Secretariat of the President's Special Initiative is implementing a three-tier strategy. The first tier involves a program to entice ten (10) existing large-scale producers from other countries to relocate their factories to Ghana's export processing zone over the four-year period. The Government has released 178 acres of land within the Tema Export Free Zone to the PSI to be developed into a Garment Village. 112 factories shall be constructed in three phases within the Garment Village. These factories will be equipped with machinery and owned by Ghanaians and foreign investors who would be producing for export. The second tier involves selecting 25 high performing Ghanaian garment producers each year (i.e. 100 over the four-year period) and provide them with a comprehensive range of services to enable them produce export-quality garments as well as access the US market in a significant way. The third tier involves developing a large pool of subcontractors, who will work under 20 Merchant Exporters to fulfill orders sourced from the US market.

Interested investors who wish to explore opportunities under the PSI may do so by expressing their area(s) of interest to the Trade and Investment Office of the Embassy, which would be happy to assist them accordingly.

- ***What are the investment opportunities in the information and telecommunication technology sector?***

- A. Establishment of centers of excellence for production of electrical and electronic products; manufacture and assembly of computer equipment; electronic commerce, Information network operation, medical transcription,

legal databases, logistics management, insurance claim processing, back office operations etc.

• ***How do we verify the legitimacy of a company in Ghana?***

- A. In most cases, the Embassy can assist in verifying the status of a business in Ghana, usually by seeking confirmation from the appropriate authority in Ghana. However, businesses may do this on their own by first contacting the Registrar of Companies in Ghana at the Registrar Generals Department. In the case of companies involved in sectors that require a permit or a license to operate, such as in the mining business, it is best to contact the licensing authority. Below are details of agencies to contact for verification of the legitimacy of a business in Ghana.

Registrar of Companies:	Phone: (011 233 21) 664691-3 Fax: (011 233 21) 662043
Association of Ghana Industries:	Phone: (011 233 21) 779023/779793 Fax: (011 233 21) 773143
Ghana Export Promotion Council:	Phone: (011 233 21) 683153 Fax: (011 233 21) 677256
Minerals Commission	Phone: (011 233 21) 772783/772786/773053 Fax: (011 233 21) 664931/664579
Precious Minerals Marketing Company Limited (PMMC)	Phone: (011 233 21) 664931/664579 Fax: (011 233 21) 662586 Web: www.pmmcghana.com

• ***Do I need an Import Declaration Form (IDF) in order to ship goods from the USA to Ghana?***

- A. An Import Declaration Form (IDF) is required at the port of clearance in Ghana as part of the customs documentation for clearance of goods. Because these forms are only needed at the port of clearance, they are only available at customs posts in Ghana. We have received several reports from shipping agents and/or their clients indicating that shippers in the United States are refusing to accept shipments to Ghana that are not accompanied by completed IDFs. We wish to emphasize that the Import Declaration Form (IDF) is not required at the port of shipment, but rather at the port of clearance in Ghana, at which point the consignee of the shipment is required to complete this as one of the documents required by Ghana Customs in the clearance process.

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